

Message Text

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ACTION CU-05

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FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 4849

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E.O. 11652: NA

TAGS: EINV, SGEN, SOPN, CZ

SUBJECT: EXAMPLES OF GOOD CORPORATE CITIZENSHIP

REF STATE 051579

1. REFTEL ASKS US FOR EXAMPLES OF "GOOD MNC CORPORATE CITIZENSHIP" IN CZECHOSLOVAKIA. THE ONLY U.S. FIRMS WITH OFFICES IN CSSR ARE PAN AMERICAN AIRWAYS AND MERCK SHARP AND DOHME, THE PHARMACEUTICAL HOUSE WHOSE ZURICH SUBSIDIARY IS IN PROCESS OF OPENING A ONE-MAN (CZECH NATIONAL) REPRESENTATIVE OFFICE. IN RECENT PAST, TWO U.S. FIRMS (UNION CARBIDE AND LUMMUS) HAVE HAD SMALL GROUPS OF AMCIT EMPLOYEES ASSISTING CZECHOSLOVAKS IN STARTING UP NEW PETROCHEMICAL FACILITIES. REPRESENTATIVES OF MANY U.S. FIRMS REGULARLY VISIT CSSR FOR TRADE PROMOTION PURPOSES, PARTICULARLY FOR BRNO AND INCHEBA TRADE FAIRS. THERE IS NO AMCHAM HERE. BY ALL REASONABLE MEASUREMENTS, U.S. BUSINESS PRESENCE IN CZECHOSLOVAKIA IS SMALL BECAUSE OF WELL-KNOWN POLITICAL PROBLEMS AND OTHER FACTORS.

2. GOC CONSTANTLY HARPS ON MNC MISBEHAVIOR, REAL AND ALLEGED, AS A FAVORITE THEME FOR ATTACKING THE U.S. AND "CAPITALIST" COUNTRIES GENERALLY. THESE PROPAGANDA DIATRIBES FOCUS ON MISDEEDS ABROAD, NOT IN SUPPOSEDLY LAW-ABIDING AND INDISPUTABLY IDEOLOGICALLY VIGILANT CSSR. EMBASSY HAS NO REASON TO BELIEVE THAT U.S. FIRMS HAVE EVER KNOWINGLY VIOLATED

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ANY CZECHOSLOVAK LAWS. HOWEVER, WE OBVIOUSLY CANNOT ATTEST THAT U.S. BUSINESSMEN HAVE NEVER SLIPPED SOMETHING ON THE SIDE TO A LOCAL OFFICIAL, ENGAGED IN BLACK MARKET CURRENCY TRANSACTIONS OR OTHERWISE TRANSGRESSED.

3. ASIDE FROM THIS GOOD RECORD OF STAYING OUT OF TROUBLE, WE CANNOT CITE MORE DRAMATIC EXAMPLES OF "GOOD CORPORATE CITIZENSHIP"

HERE. POLITICAL REALITIES MAKE IT IMPOSSIBLE FOR U.S. FIRMS
TO UNDERTAKE ACTIVE PROGRAMS IN CSSR, SUCH AS HELPING NEEDIER
MEMBERS OF COMMUNITY. COMMUNIST PARTY WOULD NOT TOLERATE SUCH
ACTIVITIES.

4. IN SUM, WE MUST FILE A GENERALLY "NOT APPLICABLE" RESPONSE
TO REFTEL QUERY. THROUGH NO FAULT OF THEIR OWN, U.S.
FIRMS ARE NOT ALLOWED TO BE "GOOD CORPORATE CITIZENS" IN THE
CZECHOSLOVAK
SOCIALIST REPUBLIC.
DECONTROL FOLLOWING RECEIPT.
FROWICK

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